

Pat Doyle, *Star Tribune*

Battle over federal transit program could endanger at least \$394 million for Central Corridor light-rail line.

A fight brewing over federal transit money threatens to leave Ramsey and Hennepin counties paying a bigger share of the tab for the largest public works project in Minnesota history.

Budget cutting in Congress targets a transit program expected to defray half of the \$1 billion Central Corridor light-rail line linking downtown Minneapolis and St. Paul. At least \$394 million of that could be jeopardized.

"I'm very, very concerned that this program is being slated for cuts," said U.S. Rep. Betty McCollum, a DFLer whose district includes St. Paul.

A large group of House Republicans is advocating slashing funding for the New Starts program that provides money for transit projects, including the Central Corridor, as part of overall efforts to trim the federal budget. Minnesota Reps. Michele Bachmann, John Kline and Erik Paulsen are members of the Republican Study Committee that wants to eliminate the program. Bachmann co-sponsored a bill that would do it.

"If something were to actually blow up, then the locals are on the hook," said Jim McDonough, chair of the Ramsey County Regional Railroad Authority. "Those are the calculated risks that we've taken locally here in moving forward."

Construction began last year on minor elements of the Central Corridor, and major work is scheduled to begin next month on a six-block stretch of downtown St. Paul and segments of western University Avenue in the city. The line is supposed to be ready in 2014.

Supporters still optimistic

Backers of the project express confidence that it will receive the federal money it needs on schedule to keep moving forward.

"I'm not concerned at this point," said Metropolitan Council Chair Susan Haigh, whose agency oversees construction of the Central Corridor line. She said she will go to Washington in the coming weeks to learn more about the funding and talk with Minnesota's congressional delegation.

Hennepin County Commissioner Peter McLaughlin said the project already has received a qualified but important green light by the Federal Transit Administration (FTA), which handles the New Starts program.

"As I understand it, no New Starts project that was allowed to proceed ... ever was denied federal funding," said McLaughlin, who chairs a regional panel that distributes a portion of local sales taxes to pay part of the cost.

McLaughlin and other supporters also point to good grades given to the Central Corridor by federal officials. The FTA this week gave it and five other projects an overall rating of "medium-high" -- the highest rating given to 23 New Starts projects nationwide. It also received such a rating for local financial commitment.

President Obama recommended \$200 million for the project in his 2012 budget, and FTA Administrator Peter Rogoff said Tuesday that the figure was intended to relieve funding pressure on local governments.

Financing for the Central Corridor has assumed that local taxpayers would bear the upfront costs in the early years of construction before federal funding accelerates. Hennepin and Ramsey counties and St. Paul already are using property taxes to pay about 10 percent of the cost. The state also pays nearly 10 percent. A portion of sales taxes from five metro counties would cover 30 percent.

Backers of the project say \$45 million in New Starts funds is already in the pipeline for Central

Corridor and should be available when the FTA gives its expected final approval to a funding agreement. Haigh said all indications are that the agency will finalize an agreement by April, and she doubts Congress would then interfere with longer-range funding.

'No more funding here on out'

But another \$394 million -- arriving in yearly installments between 2012 and 2015 -- could be in jeopardy if the proposal by the Republican Study Committee prevails. It represents three-fourths of House Republicans.

"There would be no more funding for the program here on out," said Brian Straessle, a spokesman for the Republican Study Committee in Washington.

Bachmann, who co-sponsors the legislation to kill New Starts funding, declined to comment on Central Corridor. Kline spokesman Troy Young also declined to comment on the project but said Minnesotans are "tired of the reckless, runaway spending." Paulsen said "all discretionary programs will have to be laid on the table so that we can prioritize exactly which programs we can afford right now and which ones we can't."

Backers of the project say the Democrat-led Senate will temper budget cuts in the Republican House, and a more likely risk is that drastic cuts would force delays in funding the project.

McDonough, a champion of the project, is concerned that a serious delay in federal money could force local governments to speed up their payments to pay bills coming due. He said accelerating payments from approved and available state bonding funds would be a better option than raising property taxes in Hennepin and Ramsey counties to cover the difference.

"It doesn't make sense for Ramsey County to bring in property cash dollars to cash-flow a project to help get us to the point where the federal dollars come into play," he said.